

CORRECTED FISCAL NOTE

SB 3826 - HB 3883

April 5, 2006

SUMMARY OF BILL: Exempts any motor vehicle awarded by a motor vehicle dealer as a prize at no cost to a high school student based on academic excellence from any sales and use tax.

ESTIMATED FISCAL IMPACT:

On March 15, 2006, we issued a fiscal note indicating that for every vehicle awarded state revenues would decrease approximately \$1,724 and local government revenues would decrease by \$540. Based on additional information, the fiscal impact of this bill is:

(CORRECTED)

Other Fiscal Impact - The fiscal impact of this bill is dependent upon the number of vehicles that would be awarded from vehicle dealers to students for academic achievement. Determining the number of vehicles awarded each year is difficult, so estimating a precise fiscal impact to this bill is problematic. However, for every vehicle awarded and assuming an average retail cost of \$24,000 per vehicle, state revenues would decrease approximately \$1,724 and local government revenues would decrease by approximately \$40. Therefore, if 10 vehicles were awarded in any given year, state revenues would decrease approximately \$17,240 and local government revenues would decrease approximately \$400.

Assumptions:

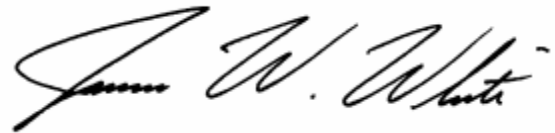
- The fiscal impact of this bill is dependent upon the number of vehicles awarded from vehicle dealers to students for academic achievement.
- Average cost of vehicle awarded is \$24,000.
- Current state sales tax rate is 7%.
- The decrease of state sales tax revenue from the 7% rate would be approximately \$1,680 (\$24,000 taxable sales X 7% state rate = \$1,680).
- State single article tax of 2.75% is assessed on any portion greater than \$1,600 but less than \$3,200.

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- Single article tax revenue would be approximately \$44 ($\$1,600 \times 2.75\% = \44).
- For each vehicle awarded, the net decrease to state revenues is estimated as \$1,724 ($\$1,680 + \$44 = \$1,724$).
- Local option taxes are equal to the local option tax rate multiplied by first \$1,600 of value.
- For each vehicle awarded, the average decrease to local government revenues would be approximately \$40.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director